



## Corporate Operations Expense Limitation

The FCC proposes limiting the amount of Corporate Operations Expense that may be recovered through Universal Service Funding by claiming that Corporate Operations Expense is largely discretionary. To the contrary, much of Corporate Operations Expense is required by State and Federal regulation (indeed, regulation promulgated by the FCC itself).

### Executive

- Formulating Corporate Policy
- Overall Administration & Management
- Board of Directors expenses

### Planning

- Long-Range Planning
- Options and Contingency Plans
- Economic strategic analysis

### Finance

- Financial accounting
- Regulatory accounting, including:
  - Revenue requirements
  - Jurisdictional separations
  - Settlements/access pool reporting
  - Associated cost accounting (cost of service, TELRIC, proxies)
- Payroll/disbursements
- Capital recovery
- Non-customer billing
- Audits (internal & external)
- Tax accounting and returns
- Continuing property records
- Financing
- Banking
- Cash management
- Benefit investment fund management (including actuarial services)
- Securities management
- Corporate financial planning and analysis
- Internal cashier services

### External Relations

- Preparing & presenting information for regulatory purposes:
  - Access Tariffs
  - Cost of service filings
  - Earnings monitoring reports
  - Testimony, discovery, and hearings on regulatory matters
- Regulatory Compliance, including 1996 Telcom Act
- Intrastate Access Filings, Testimony, Discovery, Hearings
- Tariffs
  - New service offerings
  - Rate Proceedings
  - Special Contracts
- Obtaining FCC Radio Licenses
- Obtaining Construction permits
- Negotiating contracts
- Administering investor relations

### Human Resources

- EEO and Affirmative Action Programs
- Maintaining employee records

General employment services  
Occupational Medical Services  
Job analysis and salary programs  
Labor Relations activities  
Personnel development/counseling  
Personnel policy development  
Benefit administration  
Safety programs  
Non-technical training

### **MIS**

Data bases and applications systems for computers:  
    Planning  
    Development/programming  
    Testing  
    Implementing  
    Maintaining

### **Legal**

Conducting litigation  
Guidance on regulatory and labor matters  
Preparing contracts  
Interpreting legislation  
Court costs  
Filing fees  
Depositions  
Transcripts

### **Procurement/Purchasing**

Purchasing materials and supplies  
Negotiating supply contracts  
Placing purchase orders  
Expediting and controlling orders  
Administering vendor claims

### **Other General and Administration**

Maintaining archives  
Security services  
Cost of telecommunications services  
Mail services  
Payment of accident and damage claims  
Insurance premiums  
Accident and disability claims

Yukon Telephone Company  
Corporate Expense Analysis  
December 31, 1996

Labor		130,809.78
Benefits		54,413.01

General Accounting:

Donn's Debits & Credits	15,365.60	
GVNW	27,240.67	
Erickson & Brooks	4,095.00	46,701.27

General Office:

Advertising	210.60	
Bank Fees	731.23	
Conference Fees	4,885.74	
Direct Marketing	3,060.00	
Directors Fees	20,000.04	
Equipment Repairs	4,145.05	
Gifts	598.50	
Insurance	16,472.33	
Legal Fees	590.55	
Membership Fees	3,360.64	
Office Supplies	3,802.02	
Postage	3,235.41	
Telephone	15,226.60	
Training Programs	79.00	
Travel (Exec. & Gen Off)	22,981.11	<u>99,378.82</u>

TOTAL CORPORATE EXPENSES		331,302.88
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Increase in rate per line = \$7.65 per month, a 45% increase in residential rates.

Yukon Telephone serves 526 access lines in 3 exchanges, none of which are accessible by road.

## FORM M SCHEDULE H INCOME STATEMENT ACCOUNTS

Yukon Telephone Co., Inc.  
(Company)

Year Ended December 31, 1996

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REF. SCHED.	ACCT. NO.	ACCOUNT (a)	Salaries and Wages	Benefits	Rents	Other Expenses	Total
		Corporate Operations Expense (Continued)					
	6721	Accounting and Finance	\$4,386.34	\$1,474.29		\$46,701.27	52,561.90
	6722	External Relations				(349.40)	(349.40)
	6723	Human Resources					0.00
	6724	Information Management					0.00
	6725	Legal				590.55	590.55
	6726	Procurement	1,024.38	752.26			1,776.64
	6727	Research and Development					0.00
	6728	Other General and Administrative	38,201.48	16,192.90		73,776.41	128,170.79
	6720	Total General and Administrative Expense	\$43,612.20	\$18,419.45	\$0.00	\$120,718.83	\$182,750.48
	6790	Provision for Uncollectible Notes Receivable					0.00
		Total Corporate Operations Expenses	\$130,809.78	\$54,413.01	\$0.00	\$146,080.09	\$331,302.88
		Total Operating Expenses	\$263,026.86	\$137,539.43	\$46,634.79	\$351,566.23	\$798,757.31

LABOR	217551.00
BENEFITS	113957.00

DIRECTOR FEES	4500.00
ADVER EXP	1131.99
INSURANCE	53061.01
GENERAL OFFICE	35992.85
LEGAL	8810.00
GVNW	71678.51
ASSOC DUES	2241.00
AUDITORS	22454.00
COMPANY TOLL	15592.64
OTHER	2,237.00
TRAVEL	17,958.00
TOTAL	235657.00

TOTAL CORP	\$ 567165.00
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**Direct Labor:**

Executive	57,088.64
Accounting/Regulatory	107,013.63
MIS	20,287.10
Administrative	44,057.01

**Benefits:**

Executive	28,458.34
Accounting/Regulatory	41,661.73
MIS	6,728.00
Administrative	23,313.00

Legal Fees	45,424.39	Regulatory proceedings
Audit & Tax Services	16,744.43	
Benefit Fund Mgmt	22,691.89	Pension, profit-sharing
Regulatory Charges	29,190.56	Consulting and misc other reg-related costs
Travel Costs	27,377.69	Airfare, lodging, meals
Conferences & Dues	8,374.69	i.e., ATA annual conference
Training & Tuition	4,559.84	
Phone Charges	49,439.11	
Insurance	22,156.37	Property, life, etc
Board Costs	8,060.80	
Office Costs	4,641.26	Office and janitorial supplies
Internal/External Relations	3,596.23	
Freight & Postage	2,329.07	
MIS Charges	339.61	
Misc Other	41,804.61	

Total per Form M	<u>615,338.00</u>
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Total G&A disallowance per new rule =	\$257,895
Reduction in 1998 USF due to disallowance =	\$82,961

Increase in rate per line = \$6.69 per month, a 44% increase in residential rates

Mukluk serves 1,034 access lines in 12 exchanges, none of which are accessible by road. The service areas total 27,000 square miles. All calls between exchanges are long distance.

FHA NO. 1 987 349 1858  
**INTERIOR TELEPHONE COMPANY**  
**1996 G&A Cost Summary**

09-12-97 10:32A P.02

**Direct Labor:**

Executive	181,575.76
Accounting/Regulatory	282,650.00
MIS	61,018.00
Administrative	120,809.00

**Benefits:**

Executive	91,116.84
Accounting/Regulatory	109,801.16
MIS	20,554.00
Administrative	66,551.00

Legal Fees	183,130.86	Regulatory proceedings
Phone Charges	180,799.38	
MIS Charges	109,263.49	
Audit & Tax Services	35,474.82	
Benefit Fund Mgmt	69,264.77	Pension, profit-sharing
Travel Costs	105,438.80	Airfare, lodging, meals
Conferences & Dues	19,892.01	i.e., ATA annual conference
Training & Tuition	15,284.31	
Insurance	67,630.15	Property, life, etc
Regulatory Charges	44,308.45	Consulting and misc other reg-related costs
Board Costs	24,604.80	
Office Costs	14,080.52	Office and janitorial supplies
Internal/External Relations	13,688.58	
Freight & Postage	7,840.66	
Misc Other	98,988.65	

Total per Form M	<u>1,923,762.00</u>
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Total G&A disallowance per new rule =	\$784,648
Reduction in 1998 USF due to disallowance =	\$235,729

Increase in rate per line = \$4.25 per month, a 21.41% increase in residential rates

Interior serves 4,614 access lines in 9 exchanges, only one of which is accessible by road. The service areas total 4,500 square miles. All calls between exchanges are long distance.



**Matamoras Telephone Association, Inc.**  
**Corporate Operations Expense Summary by USOA Part 32 Class B Account**

USOA		Audited TB
Account & Total		12/31/00
6710 Total	Executive and Planning - Board of Directors and Strategic Planning	328,116.36
6720 Total	Corporate Operations - Other General & Administrative Costs	5,890,821.91
Grand Total	Total Corporate Operations Expense	<u>6,188,728.29</u>

**Arctic Slope Telephone Association Cooperative, Inc.****General and Administrative Costs****Prepared By: Brenda Shepard****Date: September 14, 1997****Period Ending: December 31, 1996**

Labor & Benefits	641,187
Travel	133,981
Continuing Education	12,495
Software & Training	24,837
Phone Charges	76,628
Postage	11,696
Office Supplies	14,371
Corporate Insurance	19,542
Association Dues	12,141
Community Support	16,100
Regulatory Fees	2,000
Miscellaneous	36,667
Annual Meetings	39,491
Cost Study &	
Regulatory Filings	84,758
Audits	39,300
Legal Counsel	49,600

Notes: 60% of Travel costs are Board of Director Meetings and workshops. The Board must be keep up to date on industry issues because they have a fiduciary responsibility. Travel costs in our area is high due to the lack of roads, all Board Members must be flown in to a central location. All communications are over the toll network and mail must be first class.

Service area coverage 92,000 square miles.  
8 exchanges, access lines 2,169

Impact of USF corporate limitation is a reduction of support of 66,000.

**Mataruska Telephone Association, Inc.**  
**Corporate Operations Expense Summary by Activity Code**

Subaccount	Description	Audited TB 12/31/98
Corporate telephone expense		125,749.70
Meal Room/Postage		149,143.78
Supplies		258,472.89
Purchasing		333,291.88
Human Resource		470,880.68
Computer Information Services		855,278.28
Training		471,715.78
Equal Access		8,010.85
Financial Accounting		1,898,345.84
Regulatory Filings / Rate Design		688,282.71
Direct Benefit Payments to Retirees		13,880.82
Contract Services		288,201.89
Executive & Planning		225,883.31
Public Relations		45,380.38
Advertising		88,693.82
Annual Meeting Required by Law		108,348.10
Dues & Subscriptions		80,883.76
Insurance		187,538.83
<b>Total Corporate Operations Expense</b>		<b>6,188,738.29</b>